



**REDEVELOPMENT AGENCY/CITY  
COUNCIL**

**MEETING DATE:** August 28, 2002

**ECONOMIC DEVELOPMENT STRATEGY WORKSHOP**

**RECOMMENDED ACTION(S):** Discuss economic development strategy and direct staff how to proceed

**Agenda Item # 1**

**Prepared By:**

**Director of BAHS**

**Submitted By:**

**City Manager**

**EXECUTIVE SUMMARY:** In July 2002, the City Council considered a proposal from the Morgan Hill Chamber of Commerce to implement the Chamber's Economic Development and Tourism Marketing Plan (Plan). As background, attached is the staff report from the meeting which recommended that "a clear and focused economic development strategy needs to be developed before limited resources should be allocated to staffing and other services....without a strategy in place, we can't properly evaluate the alternatives." After a discussion regarding the Plan and staff recommendations, the Council directed staff to schedule a workshop to discuss the City's overall economic development (ED) strategy. This workshop will provide an opportunity for the Council to set and prioritize goals, policies, objectives for ED activities. This in turn would set parameters for the Council to use to evaluate how the Chamber's Plan meets the City's ED goals, policies, and objectives.

In preparation of the workshop, staff distributed an ED resource binder and questionnaire to Councilmembers regarding ED policies, programs, and projects. The distribution of a questionnaire was suggested by Council at the July meeting as a means of establishing a baseline for discussion at the workshop. The questionnaire was divided into three sections: 1) ranking the top ten ED activities, 2) rating ED policies, and 3) allocating funds for ED activities. Attached is a summary of the Council's responses to the questionnaire. It should be noted that some Councilmembers added qualifying statements to some of their rankings/ratings. The summary shows which ED activities the Council ranked in their top ten, but does not reflect their individual rankings of the specific activity. With regard to the ED policies, the summary shows the average score for each statement based on the sum of the Councilmembers' rating. For the "allocating funds for ED activities" section, the summary only marks which activities Councilmembers indicated they would consider for additional funding. Councilmembers stated a preference to not provide specific amounts without more in-depth information about an activity. Staff will provide a more detailed presentation at the workshop on the specific results of the questionnaire.

We would propose the following objectives for the workshop:

- Review questionnaire summary
- Identify priority areas to be included in the strategy
- Direct staff to review options for addressing those strategies.
- Next Steps

**FISCAL IMPACT:** The FY02-03 BAHS budget has funding allocated for economic development activities. This workshop is setting priorities for the use of the funds and not allocating unreserved fund balance for activities.



**REDEVELOPMENT AGENCY  
STAFF REPORT  
MEETING DATE:** August 28, 2002

**JULY 2002 FINANCE & INVESTMENT REPORT**

**RECOMMENDED ACTION:**

Accept and File Report

**EXECUTIVE SUMMARY:** Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of July 2002. The report covers activity for the first month of the 2002/2003 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

**FISCAL IMPACT:** As presented.

**Agenda Item # 2**

**Prepared By:**

**Finance Director**

**Submitted By:**

**Executive Director**

**REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA**

**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03**

**FOR THE MONTH OF JULY 2002 - 8% OF YEAR COMPLETE**

This analysis of the Redevelopment Agency's Financial status reflects 8% of the fiscal year. However, this analysis is somewhat limited. Normally, property tax increment revenue has not been received as of this time of the year.

**Revenues**

During July, the Redevelopment Agency received no property tax increment revenues; this is expected. Most property taxes are received in December and April. The Redevelopment Agency, as of July 31, 2002, has collected \$100,000,000 in tax increment revenue under the original plan and \$39,371,741 toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2002/2003 will be collected under the plan amendment.

Similarly, no interest was received during July because interest earnings are not posted until the end of the quarter. 'Other Revenues' represent reimbursements and charges for current services and total \$3,415.

**Expenditures**

Total Redevelopment Agency Capital Projects expenditures and encumbrances equal \$10,922,922 and are 56% of budget. Of this total, \$8,262,980 represents encumbrances for capital projects. Expenditures for administrative costs for employee services, supplies, and contract services were 22% of budget. During July, the Agency made a \$2.55 million installment payment towards the purchase of the Sports complex. All Capital Projects expenditures during 2002/03 have used monies collected under the plan amendment.

Budgeted expenditures plus encumbrances for Housing are at 3% of the budget for a total of \$195,280. Although certain loans and grants for various housing loan and grant programs have been committed, the related funds have not yet been drawn down by the recipients and, hence, are not reflected in the expenditures. All of the 2002/03 housing related expenditures has been funded with tax increment collected under the plan amendment.

**Fund Balance**

The unreserved fund balance of \$9,246,195 for the Capital Projects Fund at July 31, 2002, consisted entirely of monies collected under the plan amendment. The unreserved fund balance of \$9,246,195 at July 31 included future obligations to pay \$7 million for the courthouse facility, an additional \$3,250,000 for purchase of the Gundersen property, an additional \$2.55 million for a sports complex, and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all of these future commitments are subtracted

**REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA**

**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03**

**FOR THE MONTH OF JULY 2002 - 8% OF YEAR COMPLETE**

from the \$9,246,195, the remaining negative unreserved fund balance at July 31 would be a negative (\$5,163,805). However, these commitments are expected to be paid out over the next 2 to 4 years and to reduce current resources by only an estimated \$3 million in 2002/03.

The unreserved fund balance of \$3,077,227 for the Housing Fund at July 31 consisted of funds all collected under the plan amendment.

**REDEVELOPMENT AGENCY OF  
THE CITY OF MORGAN HILL**

**Monthly Financial and Investment Reports**

**July 31, 2002 – 8% Year Complete**



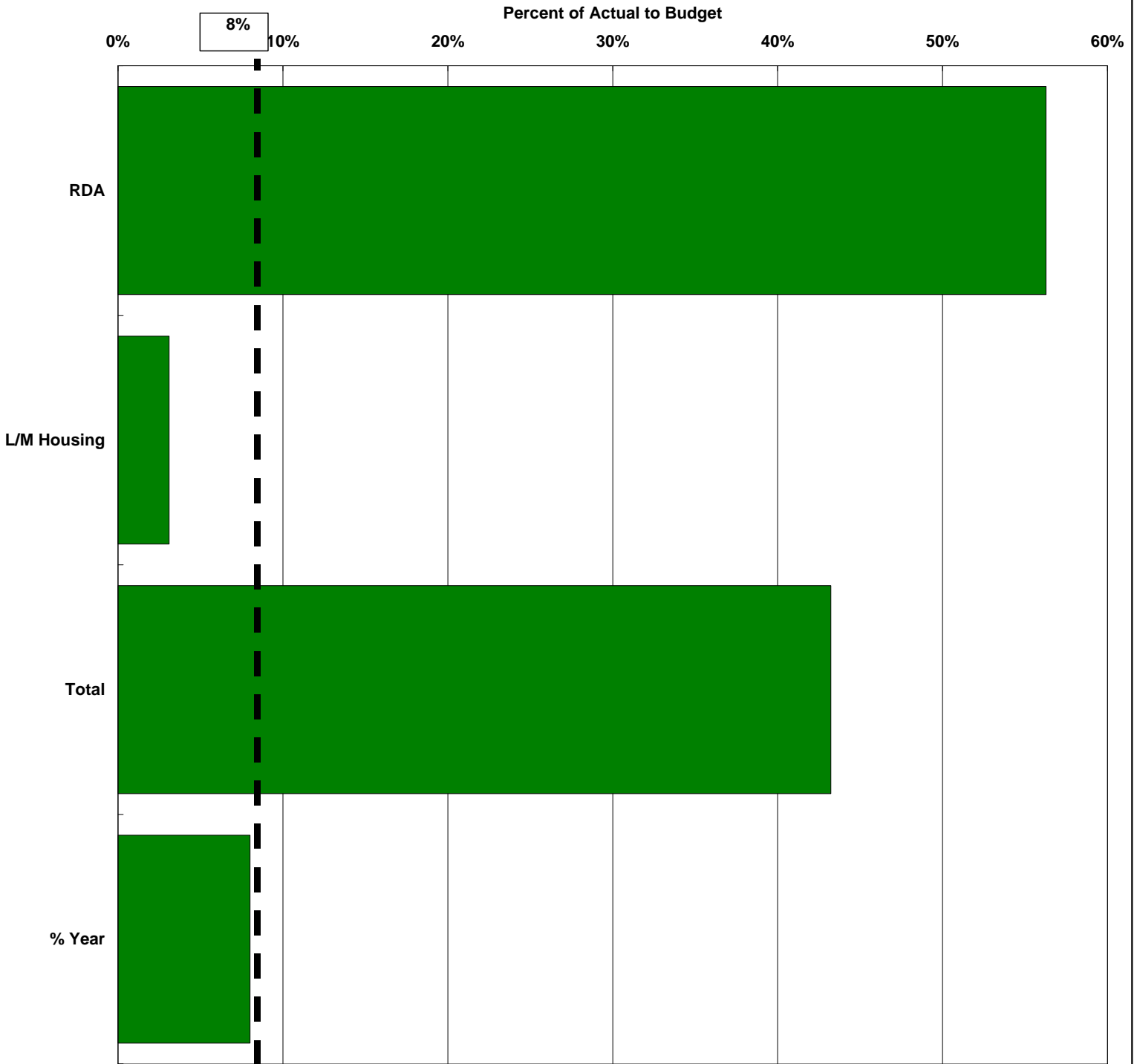
**CITY OF MORGAN HILL  
REDEVELOPMENT AGENCY**

**Prepared by:**

**FINANCE DEPARTMENT**



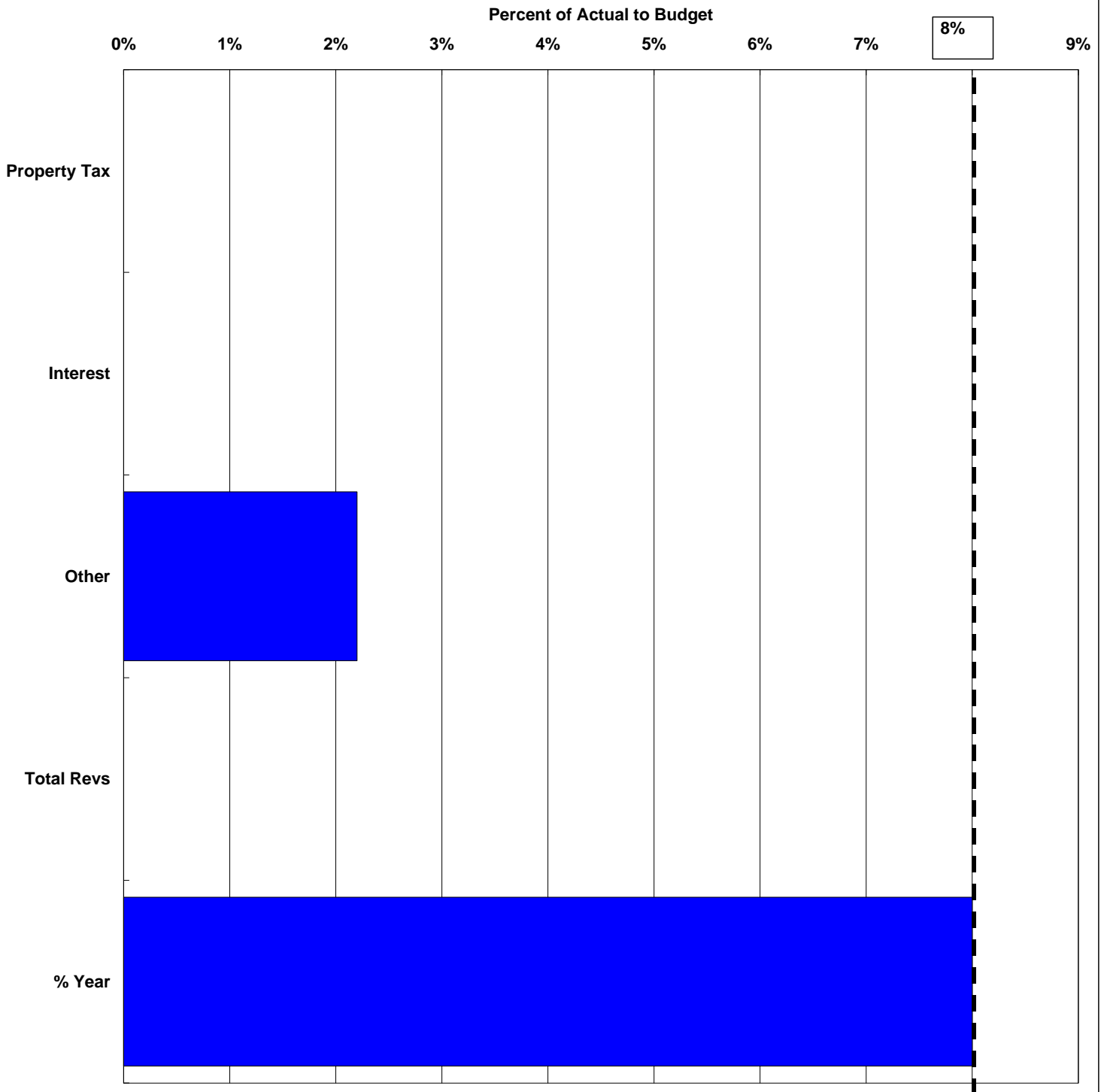
# Redevelopment Agency YTD Expenditures



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$19,353,410	\$10,922,922	56%
HOUSING	6,313,976	195,280	3%
TOTALS	\$25,667,386	\$11,118,202	43%



# Redevelopment Agency YTD Revenues



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$15,522,000				
INTEREST INCOME/RENTS	\$695,853	\$312			
OTHER REVENUE	\$153,090	\$3,425	2%	\$2,643	30%
TOTALS	\$16,370,943	\$3,737		\$2,643	41%



Redevelopment Agency  
 Fund Balance Report - Fiscal Year 2002/03  
 For the Month of July 2002  
 8% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-02	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$21,937,192	3,415	0%	2,659,942	56%	(2,656,527)	10,034,471	9,246,195	17,524,390	
327/328	HOUSING	\$15,470,880	322	0%	98,096	3%	(97,774)	12,295,879	3,077,227	3,432,144	
<b>TOTAL CAPITAL PROJECT FUNDS</b>		<b>\$37,408,072</b>	<b>3,737</b>	<b>0%</b>	<b>2,758,038</b>	<b>43%</b>	<b>(2,754,301)</b>	<b>22,330,350</b>	<b>12,323,422</b>	<b>20,956,534</b>	
<b>SUMMARY BY FUND TYPE</b>											
	CAPITAL PROJECTS GROUP	\$37,408,072	3,737	0%	2,758,038	43%	(2,754,301)	22,330,350	12,323,422	20,956,534	
<b>TOTAL ALL GROUPS</b>		<b>\$37,408,072</b>	<b>3,737</b>	<b>0%</b>	<b>2,758,038</b>	<b>43%</b>	<b>(2,754,301)</b>	<b>22,330,350</b>	<b>12,323,422</b>	<b>20,956,534</b>	
<b>TOTAL CASH AND INVESTMENTS</b>										<b>20,956,534</b>	

<sup>1</sup> Amount reserved for encumbrances, fixed asset replacement, long-term receivables





**Redevelopment Agency**  
**Year to Date Revenues - Fiscal Year 2002/03**  
**For the Month of July 2002**  
**8% of Year Complete**

FUND REVENUE SOURCE	BUDGETED	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
<b>CAPITAL PROJECTS FUNDS</b>							
<b>317 CAPITAL PROJECTS</b>							
Property Taxes & Supplemental Roll	12,084,000		-	n/a	-	-	n/a
Development Agreements	-		-	n/a	-	-	n/a
Interest Income, Rents	595,853		-	n/a	-	-	n/a
Other Agencies/Current Charges	<u>152,500</u>		<u>3,415</u>	<u>2%</u>	<u>2,633</u>	<u>782</u>	<u>30%</u>
<b>TOTAL CAPITAL PROJECTS</b>	<b><u>12,832,353</u></b>		<b><u>3,415</u></b>	<b><u>0%</u></b>	<b><u>2,633</u></b>	<b><u>782</u></b>	<b><u>30%</u></b>
<b>327/328 HOUSING</b>							
Property Taxes & Supplemental Roll	3,438,000		-	n/a	-	-	n/a
Interest Income, Rent	100,000		312	0%	-	312	n/a
Other	<u>590</u>		<u>10</u>	<u>2%</u>	<u>10</u>	-	<u>n/a</u>
<b>TOTAL HOUSING</b>	<b><u>3,538,590</u></b>		<b><u>322</u></b>	<b><u>0%</u></b>	<b><u>10</u></b>	<b><u>312</u></b>	<b><u>3120%</u></b>
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>16,370,943</b>	<b>-</b>	<b>3,737</b>	<b>0%</b>	<b>2,643</b>	<b>1,094</b>	<b>41%</b>



Redevelopment Agency  
 Year to Date Expenditures - Fiscal Year 2002/03  
 For the Month of July 2002  
 8% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	Business Assistance	<u>2,659,942</u>	<u>19,353,410</u>	<u>60,000</u>	<u>2,659,942</u>	<u>8,262,980</u>	<u>10,922,922</u>	<u>56%</u>
	<b>TOTAL CAPITAL PROJECTS</b>	<b><u>2,659,942</u></b>	<b><u>19,353,410</u></b>	<b><u>60,000</u></b>	<b><u>2,659,942</u></b>	<b><u>8,262,980</u></b>	<b><u>10,922,922</u></b>	<b><u>56%</u></b>
327 AND 328 HOUSING								
	Housing	<u>98,096</u>	<u>6,313,976</u>		<u>98,096</u>	<u>97,184</u>	<u>195,280</u>	<u>1%</u>
	<b>TOTAL HOUSING</b>	<b><u>98,096</u></b>	<b><u>6,313,976</u></b>		<b><u>98,096</u></b>	<b><u>97,184</u></b>	<b><u>195,280</u></b>	<b><u>3%</u></b>
<b>TOTAL CAPITAL PROJECT FUND:</b>		<b>2,758,038</b>	<b>25,667,386</b>	<b>60,000</b>	<b>2,758,038</b>	<b>8,360,164</b>	<b>11,118,202</b>	<b>43%</b>



**Redevelopment Agency of the City of Morgan Hill**  
**Balance Sheet Report - Fiscal Year 2002/03**  
**For the Month of July 2002**  
**8% of Year Complete**

	<b>CAPITAL PROJECTS (Fund 317)</b>	<b>Housing (Fund 327/328)</b>
<b>ASSETS</b>		
Cash and investments:		
Unrestricted	17,524,390	3,432,144
Accounts Receivable	14,707	3,192
Loans and Notes Receivable <sup>1</sup>	2,439,796	16,624,810
Advance to Other Funds	128,593	
Fixed Assets <sup>2</sup>	71,049	
Other Assets		
<b>Total Assets</b>	<b>20,178,535</b>	<b>20,060,146</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	24,672	258,763
Deferred Revenue <sup>3</sup>	867,948	4,426,115
Accrued Vacation and Comp Time	5,249	2,162
<b>Total liabilities</b>	<b>897,869</b>	<b>4,687,040</b>
<b>FUND BALANCE</b>		
Fund Balance		
Reserved for:		
Encumbrances	8,262,980	97,184
Advance to Other Funds	128,593	
Properties Held for Resale	71,049	
Loans and Notes Receivable	1,571,849	12,198,695
<b>Total Reserved Fund balance</b>	<b>10,034,471</b>	<b>12,295,879</b>
Unreserved Fund Balance	9,246,195	3,077,227
<b>Total Fund Balance</b>	<b>19,280,666</b>	<b>15,373,106</b>
<b>Total Liabilities and Fund Balance</b>	<b>20,178,535</b>	<b>20,060,146</b>

<sup>1</sup> Includes Housing Rehab loans and loans for several housing and Agency projects.

<sup>2</sup> Includes RDA properties held for resale.

<sup>3</sup> Includes the deferred payment portion of the loans noted above.



## CITY COUNCIL STAFF REPORT

**MEETING DATE:** August 28, 2002

### APPROPRIATION OF FUNDS AND AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR DESIGN OF THE MAIN AVENUE/UPRR IMPROVEMENT PROJECT

#### RECOMMENDED ACTION(S):

1. Approve appropriation of \$26,900 from current year unappropriated Traffic Impact Fund balance for this project.
2. Approve an amendment to the consultant agreement with Rajappan & Meyer increasing the contract amount by \$26,900 and authorize the City Manager to execute the amendment to agreement.

**EXECUTIVE SUMMARY:** Approximately 1 ½ years ago, the City applied for and was awarded a Federal grant to pay for safety improvements to the Main Avenue crossing of the UPRR tracks. Previous Council action awarded the design of the Main Ave/UPRR Safety Improvement Project to the consulting civil engineering firm of Rajappan & Meyer (Consultant). The design of this project has been underway since early 2001.

The original project was to improve only the existing crossing width of approximately 40 feet. The estimated cost was to be covered by the grants totaling \$326,000, including \$40,000 for the design. The crossing now proposed will be approximately 60 feet wide, curb to curb, plus sidewalks and bike lanes, and coordinated with the City's ultimate widening of Main Avenue between Monterey Road and Butterfield Boulevard. The construction cost projection at this time is approximately \$460,000 plus \$96,000 in design costs. The total cost estimate is, therefor, \$556,000 which would be offset by the grants of \$326,000 for a total City commitment of \$230,000. It should be noted that this plan includes approximately \$43,500 in water system improvements. It is also notable that almost \$70,000 of the total, above, has already been spent for design, as previously approved by Council.

One other potential cost item has not yet been resolved. UPRR and the City must reach agreement about ownership of right-of-way, or easement rights. It appears that the City may need to purchase some additional rights, but the determination as to exactly how much, if any, has yet to be concluded.

In order to keep the grants viable by meeting a submittal deadline, the project design must be completed very quickly. This submittal has to be to Caltrans, the grant administrator, in order to gain grant approval to proceed with the project, but does not commit the City to going forward with construction. Assuming that all of the other matters are satisfactorily resolved, the project could then be taken to construction.

At this time Staff recommends adding the additional items of work to the Consultant's contract to complete the design of the expanded crossing improvements and the Plans, Specifications, and Estimates for construction as needed to meet the grant requirements.

**FISCAL IMPACT:** The additional cost for design and for preparing the construction Plans, Specifications and Estimates for the expanded Main Avenue crossing is \$26,900 and it is recommended that amount be allocated to CIP Project 524000 from our current year unappropriated Traffic Impact Fee Funds.

When the project is ready to go to be awarded, it is estimated that there will be an additional request for an appropriation of \$43,500 from the Water Fund, and \$116,500 from the Traffic Impact Fee Fund.

Agenda Item # **3**

Prepared By:

*Kevin B. B. B.*  
Deputy Director of  
Public Works

Approved By:

*Jim Obermeyer*  
Public Works Director

Submitted By:

*John J. J.*  
City Manager

**CITY OF MORGAN HILL  
SPECIAL CITY COUNCIL MEETING WITH  
GRAND OPENING COMMITTEE  
MINUTES AUGUST 16, 2002**

**CALL TO ORDER**

Mayor Kennedy called the meeting to order at 12:15 p.m.

**ROLL CALL ATTENDANCE**

Present: Council Members Carr, and Sellers; and Mayor Kennedy  
Late: Council Member Chang arrived at 12:20 p.m.  
Absent: Council Member Tate

**DECLARATION OF POSTING OF AGENDA**

The meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

**PUBLIC COMMENT**

Mayor Kennedy opened the floor to public comment for items not appearing on the agenda. No comments were offered.

**1) DISCUSSION OF COMMUNITY AND CULTURAL CENTER GRAND  
OPENING CELEBRATION**

The Council met with the Community and Cultural Center Grand Opening Celebration Planning Committee to begin the discussion and planning of the grand opening celebration expected to take place in the first part of December 2002.

Recreation Supervisor Therese Luger introduced the new Events Coordinator, Deborah Boss.

**Action:**        **No Action Taken**

**ADJOURNMENT**

Mayor Kennedy adjourned the special meeting at 1:45 p.m.

**MINUTES PREPARED BY:**

**MOIRA MALONE, DEPUTY CITY CLERK**

**CITY OF MORGAN HILL  
SPECIAL CITY COUNCIL MEETING WITH  
GRAND OPENING COMMITTEE  
MINUTES AUGUST 16, 2002**

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**Action:**            **No Action Taken**

**ADJOURNMENT**

Mayor Kennedy adjourned the special meeting at 1:45 p.m.

**MINUTES PREPARED BY:**

**MOIRA MALONE, DEPUTY CITY CLERK**



***CITY COUNCIL/REDEVELOPMENT  
AGENCY STAFF REPORT***

***MEETING DATE: August 27, 2002***

**REQUEST FROM MORGAN HILL AQUATIC CENTER, INC.  
REGARDING BRICK FUND RAISING CONCEPT**

**RECOMMENDED ACTIONS:**

**Council/Agency Discussion and Direction**

**EXECUTIVE SUMMARY:**

Mayor/Chairman Kennedy received a letter from John S. Rick, President of the Morgan Hill Aquatic Center, Inc. (Organization) requesting City Council/Redevelopment Agency endorsement of a fund raising effort to assist with the development, construction and operation of the Aquatic Center. Mr. Rick indicates that the Organization would like to pursue a brick fund raising effort by offering individuals, families and organizations the opportunity to purchase laser engraved bricks at a cost of approximately \$80 to \$120 per brick. Mr. Rick believes that this would be a great opportunity for community members to get involved with the Aquatic Center.

The City has recently retained the services of the ELS architectural firm to assist with the design of the Aquatic Center. Should the City Council/Redevelopment Agency wish to endorse the brick fund raising concept, staff can request that the use of bricks be incorporated into the design of the Aquatic Center. Geno Acevedo and Mr. Rick will be in attendance at the August 28 City Council/Redevelopment Agency meeting to further address the fund raising concept and to answer questions which the City Council/Redevelopment Agency may have.

**FISCAL IMPACT:** No fiscal impact is associated with the incorporation of the use of brick in the design of the Morgan Hill Aquatic Center, should the Council/Agency support its concept.

**Agenda Item # 6**

**Prepared/Approved  
By:**

**Council Services and  
Records Manager**

**Submitted By:**

**City Manager**



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: AUGUST 28, 2002***

**Agenda Item # 7**

**Prepared By:**

**City Manager**

### **APPOINTMENT TO VTA'S SOUTH COUNTY ROADWAY POLICY ADVISORY BOARD**

**RECOMMENDED ACTION(S):** Appoint a representative to the VTA South County Roadway Policy Advisory Board (PAB).

**EXECUTIVE SUMMARY:** On August 2, 2002, the VTA Board of Directors approved the formation of the South County Roadway Policy Advisory Board. The PAB will discuss roadway projects and issues in the southern part of Santa Clara County, south of SRT 85/US 101 (south) freeway interchange.

The composition of the PAB includes one member appointed from the City of Morgan Hill, the City of Gilroy, the City of San Jose, the county supervisor representing the southern part of Santa Clara County, and one VTA Board Member appointed by the VTA Board of Directors. Board Member Pat Dando will serve as VTA's representative to the PAB.

The PAB will be an important forum in which to pursue Morgan Hill's continuing interest in improvements to the South County transportation system.

**FISCAL IMPACT:** None.